

OGC 68-1776

12 September 1968

MEMORANDUM FOR: Deputy Director for Support

SUBJECT: Relationship between Overseas Medical
Program and GEHA Hospitalization
Insurance Coverage

1. This is in response to your memorandum of 20 August 1968 seeking our counsel on a proposal to transfer first responsibility for payment of overseas medical payments from the Agency's GEHA hospitalization insurance program. You attached to your memorandum an 8 August 1968 memorandum to your office from the Acting Director of Personnel and a Report to the Congress from the Comptroller General of the United States entitled "Opportunity to Reduce the Federal Government's Cost of Medical Benefits Furnished Foreign Service Employees Overseas."

2. Your memorandum directed two specific questions to this office. First, you inquire whether the Agency has a "prerogative of reversing its historical payment of overseas medical benefits under the Overseas Medical Program to that where we transfer first consideration of benefit payments under the GEHA hospitalization insurance coverage."

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It is our understanding that the reason the Insurance Branch gives first consideration for benefit payments to the Overseas Medical Program is historical, probably based on the fact that GEHA did not

come into existence for some seven years after the Agency initiated its Overseas Medical Program. In order to change this historical practice, the Director could merely amend our regulations to state that no benefits will be paid under the Overseas Medical Program unless the employee's medical expenses are not covered by any private insurance held by the employee. You next inquire as to whether or not a reversal of first responsibility for benefit payments would be in violation of our present GEHA contract. The present contract, in our opinion, does not prohibit the Agency from changing its first consideration for overseas medical payments from the Overseas Medical Program to GEHA. You cite two exclusions set forth in the GEHA contract as possibly bearing on this question:

- a. Hospitalization or treatment paid for by any Government body.
- b. Bonuses or injury for which any benefit is or was payable under Workmen's Compensation or similar legislation.

The first exclusion prohibits the payment of GEHA benefits when the employee has already been "paid" for the hospitalization or treatment by some other Government body. This exclusion simply seeks to prevent the employee from being paid twice for the same illness or injury. The second exclusion precludes payment by GEHA when benefits from "Workmen's Compensation or similar legislation" are "payable." The only workmen's compensation legislation for CIA employees (of which we are aware) is that contained in the Federal Employees Compensation Act

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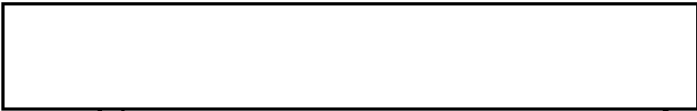
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Even if GEHA officials were to disagree with this interpretation, the GEHA contract is subject to annual renegotiation and the disagreement could be clarified at that time.

3. The issue, as we see it, is one for administrative determination. Does the Agency wish to save the Government money by putting some increased amount of the costs of overseas medical care on its employees or does the Agency wish to continue to benefit the employee

to the maximum extent allowable by law. We certainly see many ramifications to this problem which should be considered including the probable results of an increased claims experience by the GEHA hospitalization program, the effect on employee morale of any increase in premiums, and the fact that the contemplated change would have the effect of denying our employees certain statutory benefits to which they would otherwise be entitled. This office would be happy to participate in a thorough discussion of this matter as suggested by the Acting Director of Personnel.

4. Finally, we note that the Comptroller General Report is a Report to the Congress. We urge that the Office of Legislative Counsel determine the present and probable future congressional reaction to the Report before CIA takes definitive action.


JOHN S. WARNER
Acting General Counsel

cc: Director of Personnel
Office of Legislative Counsel

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